STARTING A BUSINESS

Steps to Take
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The mission of the University of Minnesota Duluth Center for Economic Development is to assist entrepreneurs and businesses to grow and succeed.

The University of Minnesota Duluth is an equal opportunity employer and educator.

The Minnesota Small Business Development Center program is funded by the U.S. Small Business Administration (SBA), the Minnesota Department of Employment and Economic Development, and the sponsors of regional and local centers. SBA's funding is not an endorsement of any products, opinions or services. Small Business Development Center services are provided without discrimination as to race, gender, color, creed, religion, disability, national origin, marital status, or sexual orientation. Upon prior request to the Small Business Development Center office from which services are sought, arrangements will be made to reasonably accommodate persons with disabilities.
Essentials to Get Started on Your Plan

Visit the SBA Website for their free Startup Learning Center:

Main site: http://www.sba.gov

- Explore the site and visit the links for Starting and Managing.
- Go to http://www.sba.gov/sba-learning-center for additional tools.

For Additional Resources go to:

- http://www.positivelyminnesota.com

Online Business Planning Resources

- http://www.fundingroadmap.com
- http://www.liveplan.com
Start Working on Your Feasibility Analysis:

Financial Analysis:
- How much money is required to start the business? (See Worksheet page 13)
- What will your monthly expenses be? (See Worksheet page 14)
- What are your salary requirements?
- What are your profit margins on each product you are going to sell? (How much will you mark up your products?)
- Prepare your personal financial statement.
- Request a copy of your personal credit report (e.g., annualcreditreport.com). A personal credit score below 640 will make it difficult to obtain a business loan.
- How much personal equity do you have to contribute to business start-up? Expect to contribute 30-50% of the total start-up costs.
- Develop a contingency plan. If, after the business is started, results are not achieved as planned, how will you cover the shortfall?

Market Analysis:
- What is the market?
- What is the growth potential?
- Who are your potential customers?
- How large is the market and what geographical parts of it will you cover?
- What are the industry trends?
- Who are your competitors? How are their businesses different?
- What are your competitive advantages?
- How will you price your product or service?
Start Working on Your Business Plan:

- Review pages 9-12 of this handout and respond to the questions.
- If you are having difficulty completing pages 9-14 of this handout, register for Writing a Business Plan.
- To register for this workshop return to http://www.ced.d.umn.edu and select the Education & Training button on the top navigation bar.
  - Select “Workshops for Starting a Business” on the left-hand sidebar.
  - Register online for the “Writing a Business Plan” workshop; Call 218-726-7298 if assistance is needed

Set up a Counseling Session with a Consultant:

- Gather the information noted on pages 9-14 of this handout.
- Return to the UMD CED website www.ced.d.umn.edu
- Click on the Sign up to Receive SBDC Consulting button and complete the required forms.
- A consultant will contact you shortly to schedule a meeting.
Starting Your Business

1. Get Assistance and training from:
   Support professionals: accountant, attorney, insurance agent and SBDC consultant.

2. Prepare a comprehensive business plan.


4. Register your Certificate of Assumed Name for the business and/or file Articles of Incorporation with Minnesota Secretary of State by calling (651) 296-2803 or 1-877-551-6767. You can also go online at http://www.sos.state.mn.us/index.aspx?page=3 and search for “Certificate of Assumed Name” for the complete form. Publish notice in the newspaper.


6. Obtain a Sales and Use Tax Permit. Call (651) 296-6181 or 1-800-657-3777; in Duluth, call (218) 730-5350. Or go online at http://www.revenue.state.mn.us/Pages/default.aspx

8. Register for your Minnesota Business ID number using Form ABR found at http://www.taxes.state.mn.us or by calling (651) 282-5225 or 1-800-657-3605 or you can complete your ABR form available online at http://www.revenue.state.mn.us/Forms_and_Instructions/abr_inst.pdf and send by mail to:

   Minnesota Department of Revenue  
   Mail Station 4410  
   St. Paul, MN 55146-4410

   Or fax your completed pages to (651) 556-5155 (do not fax blank pages).

9. Establish a bank account and learn QuickBooks (We offer a Quickbooks Workshop).
   - To register for this workshop go to http://www.ced.d.umn.edu
     - Click on the Education & Training button on the top navigation bar.
     - Register online for the Quickbooks workshop; call 218-726-7298 if assistance is needed

10. Acquire a domain name, print your business cards and issue press releases.

11. Choose a location.

Writing a Business Plan

Start by responding to each question noted below by completing as much as possible prior to requesting a meeting with a CED consultant.

**Executive Summary**

**Briefly Describe Your Business:** (One paragraph summary)

**Business Name & Legal Organization:** (LLC, Sole Proprietor, S Corporation)

**Ownership:** Enter name(s) of owner(s)

**Funding Request:**
Business Description: (Provide a detailed description of your products, services, organization, operations and management)

Vision: What are your long-term aspirations?

Mission: Why do you exist?

Goals

*Ensure that goals are S.M.A.R.T. – Specific, Measurable, Achievable, Realistic, and Timed*

Short-Term Goals (less than one year):

Long-Term Goals (one year or more):
<table>
<thead>
<tr>
<th>SWOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the Company</td>
</tr>
<tr>
<td>Strengths:</td>
</tr>
<tr>
<td>Weaknesses:</td>
</tr>
<tr>
<td>Outside the Company</td>
</tr>
<tr>
<td>Opportunities:</td>
</tr>
<tr>
<td>Threats:</td>
</tr>
</tbody>
</table>

| Industry Characteristics & Trends |

<table>
<thead>
<tr>
<th>Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographics: Who are your customers? (average age, income, education, etc.)</td>
</tr>
<tr>
<td>Psychographics: What are your customers’ personalities, values, attitudes, interests, and lifestyles?</td>
</tr>
<tr>
<td>Geographic Area: What area do you serve?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of Competitors:</td>
</tr>
<tr>
<td>Strengths and Weaknesses:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales Projection Supporting Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Customer Base:</td>
</tr>
<tr>
<td>National Trends:</td>
</tr>
</tbody>
</table>
Competitive Advantage:

Share of existing market to capture:

**Marketing Plan (Describe how you will use the different channels and why)**

Social Media:

Customer Loyalty Program:

Website:

Internet Advertising:

Blog:

Newsletter:

Direct Mail:

Radio:

Newspaper:

Print Media:

Television:

**Support Professionals**

CPA:

Attorney:

Bank:

Insurance:

SBDC Consultant:

Other:
Financial Projections Summary and Assumptions
# Startup Costs Worksheet

This is a list of suggested costs that can be involved in business startup. Only calculate those costs that will reflect on your business.

## Template
### Detailed Source & Uses of Cash

<table>
<thead>
<tr>
<th>Sources</th>
<th>Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners Equity</td>
<td><strong>Start-Up Costs</strong></td>
</tr>
<tr>
<td>Land (Equity)</td>
<td>Rent Deposit</td>
</tr>
<tr>
<td>Vehicle (Equity)</td>
<td>Insurance 1st Payment</td>
</tr>
<tr>
<td>Building (Equity)</td>
<td>Utility Deposits</td>
</tr>
<tr>
<td>Loan</td>
<td>Research &amp; Development</td>
</tr>
<tr>
<td></td>
<td>Logo Design</td>
</tr>
<tr>
<td></td>
<td>Other Deposits</td>
</tr>
<tr>
<td></td>
<td>Business Name</td>
</tr>
<tr>
<td></td>
<td>Licenses/Permits</td>
</tr>
<tr>
<td></td>
<td>Merchant Account</td>
</tr>
<tr>
<td>Equipment</td>
<td>Cash for Register</td>
</tr>
<tr>
<td>Computer</td>
<td>Consulting</td>
</tr>
<tr>
<td>Printer</td>
<td>Web Site</td>
</tr>
<tr>
<td>Machinery</td>
<td>Initial Ads / Promo</td>
</tr>
<tr>
<td>Software</td>
<td>Professional Fees</td>
</tr>
<tr>
<td>Cash Register</td>
<td>Cleaning Service</td>
</tr>
<tr>
<td>Tools</td>
<td>Other Services</td>
</tr>
<tr>
<td>Telephone</td>
<td>Office Supplies</td>
</tr>
<tr>
<td>Credit Card Machine</td>
<td>Cleaning Supplies</td>
</tr>
<tr>
<td>Vehicle</td>
<td>Other Supplies</td>
</tr>
<tr>
<td>Total</td>
<td>Miscellaneous</td>
</tr>
<tr>
<td></td>
<td>Unanticipated (10%)</td>
</tr>
</tbody>
</table>

### Total

<table>
<thead>
<tr>
<th>Inventory</th>
<th>Total</th>
<th>Goodwill</th>
<th>Working Capital</th>
<th>Total</th>
</tr>
</thead>
</table>

---

### Total
## Projected Monthly Income Statement

**Gross Sales**

**Less: Cost of Goods Sold**

**Gross Profit**

### EXPENSES:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td></td>
<td>Office Supplies</td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td>Outside Services</td>
<td></td>
</tr>
<tr>
<td>Bad Debts</td>
<td></td>
<td>Parking</td>
<td></td>
</tr>
<tr>
<td>Bank Charges</td>
<td></td>
<td>Parts</td>
<td></td>
</tr>
<tr>
<td>Car Rental</td>
<td></td>
<td>Payroll</td>
<td></td>
</tr>
<tr>
<td>Cellular Phones</td>
<td></td>
<td>Payroll Taxes (12%)</td>
<td></td>
</tr>
<tr>
<td>Commissions</td>
<td></td>
<td>Permits</td>
<td></td>
</tr>
<tr>
<td>Consulting</td>
<td></td>
<td>Postage</td>
<td></td>
</tr>
<tr>
<td>Contract Labor</td>
<td></td>
<td>Printing</td>
<td></td>
</tr>
<tr>
<td>Credit Card Services (3%)</td>
<td></td>
<td>Promotions</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td>Real Estate Taxes</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td></td>
<td>Refunds</td>
<td></td>
</tr>
<tr>
<td>Dues &amp; Subscriptions</td>
<td></td>
<td>Rent</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td>Repairs &amp; Maintenance</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td>Research &amp; Development</td>
<td></td>
</tr>
<tr>
<td>Employee Benefits</td>
<td></td>
<td>Security System</td>
<td></td>
</tr>
<tr>
<td>Freight</td>
<td></td>
<td>Shop Supplies</td>
<td></td>
</tr>
<tr>
<td>Garbage</td>
<td></td>
<td>Snow Plowing</td>
<td></td>
</tr>
<tr>
<td>Gasoline &amp; Oil</td>
<td></td>
<td>Taxes</td>
<td></td>
</tr>
<tr>
<td>Heat</td>
<td></td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>Tools</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td></td>
<td>Training</td>
<td></td>
</tr>
<tr>
<td>Interest (Loan Payment)</td>
<td></td>
<td>Travel</td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td></td>
<td>Uniforms</td>
<td></td>
</tr>
<tr>
<td>Licenses</td>
<td></td>
<td>Utilities</td>
<td></td>
</tr>
<tr>
<td>Meals &amp; Entertainment</td>
<td></td>
<td>Vehicles</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td>Web Site</td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NET INCOME (Before Taxes)**
Bank Loan Checklist

1. Business Plan

2. Sources & Uses

3. Current Business Debt Schedule (Existing Businesses Only)

4. Three Years Company Tax Returns & Financial Statements

5. Company In-House Interim Statements for year to day

6. Three Years Projections, Cash Flow & Assumptions

7. Copy of the Purchase Agreement

8. List of Collateral & Estimated Values

9. Personal Financial Statement (All 20% Owners)

10. Three Years Personal Tax Returns (All 20% Owners)

11. Personal Resume (All 20% Owners)

12. Affiliated Company Information (All 20% Owners)

13. Franchise Agreement (If Applicable)

14. Company Articles, By-Laws & Registration Documents

15. Copy of Drivers Licenses & List of Previous Gov’t Loans (For SBA Loans)

16. Copy of Leases (If Applicable)